

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA,  
Plaintiff,

v.

JOSEPH M. FREEMAN,  
Defendant.

NO. CR23-008 JLR

**INFORMATION  
(Felony)**

The United States Attorney charges that:

At all times relevant to this Information:

***Relevant Individuals and Entities***

1. Defendant JOSEPH M. FREEMAN was a resident of King County, Washington.
2. Special Delivery LLC was a limited liability company that was formed in approximately April 2004. According to Washington Secretary of State records, the business of Special Delivery LLC was services. JOSEPH M. FREEMAN was the sole owner of Special Delivery LLC.
3. New Jack Trucking LLC was a limited liability company that was formed in approximately April 2019. According to Washington Secretary of State records, the business of New Jack Trucking LLC was construction. JOSEPH M. FREEMAN was the

1 sole owner of New Jack Trucking LLC.

2 ***The Paycheck Protection Program***

3 4. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was a  
4 federal law enacted on March 27, 2020, and designed to provide emergency financial  
5 assistance to the millions of Americans who were suffering the economic effects caused  
6 by the COVID-19 pandemic. One source of relief provided by the CARES Act was the  
7 authorization of up to \$349 billion in government funding for forgivable loans to small  
8 businesses for job retention and certain other expenses, through a program referred to as  
9 the Paycheck Protection Program (PPP). In or around April 2020, Congress authorized  
10 over \$300 billion in additional PPP funding.

11 5. In order to obtain a PPP loan, a qualifying business was required to submit  
12 a PPP loan application signed by an authorized representative of the business. The PPP  
13 loan application required the business (through its authorized representative) to  
14 acknowledge the program rules and make certain affirmative certifications in order to be  
15 eligible to obtain the PPP loan. The PPP loan application required the business  
16 representative to state that the business was in operation on February 15, 2020, and that it  
17 had employees for whom it paid salaries and payroll taxes. In the PPP loan application,  
18 the small business (through its authorized representative) was required to state, among  
19 other things, its: (a) average monthly payroll expenses; and (b) number of employees.  
20 These figures were used to calculate the amount of money the small business was eligible  
21 to receive under the PPP. In addition, businesses applying for a PPP loan were required  
22 to provide documentation showing their payroll expenses.

23 6. PPP loan applications were processed by a participating lender. If a PPP  
24 loan application was approved, the participating lender funded the PPP loan using its own  
25 monies, which were 100% guaranteed by the U.S. Small Business Administration (SBA).  
26 Data from the application, including information about the borrower, the total amount of  
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1 the loan, and the listed number of employees, was transmitted by the lender to the SBA in  
2 the course of processing the loan.

3 7. PPP loan proceeds were required to be used by the business on certain  
4 permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP  
5 allowed the interest and principal on the PPP loan to be entirely forgiven if the business  
6 spent the loan proceeds on the allowable expenses within a designated period of time and  
7 used a certain percentage of the PPP loan proceeds on payroll expenses.

8 8. Lender 1 was an online money transfer business headquartered in Redwood  
9 City, California. Lender 1 served as a broker between borrowers and Financial  
10 Institution 1 and Financial Institution 2, which were both PPP lenders. Financial  
11 Institution 1 was a Federal Deposit Insurance Corporation-insured bank headquartered in  
12 Salt Lake City, Utah. Financial Institution 2 was a Federal Deposit Insurance  
13 Corporation-insured bank headquartered in Fort Lee, New Jersey. As a broker, Lender 1  
14 collected and provided loan applications to Financial Institution 1 and Financial  
15 Institution 2 for funding once approved.

### 16 COUNT 1

#### 17 (Conspiracy to Commit Theft of Government Funds)

18 9. The allegations in Paragraphs 1-8 are re-alleged and incorporated by  
19 reference as if set forth in full herein.

#### 20 A. The Conspiracy

21 10. Beginning in or around May 2020, and continuing until in or around June  
22 2020, in King County, within the Western District of Washington, and elsewhere,  
23 defendant JOSEPH M. FREEMAN, together with others known and unknown, did  
24 conspire, confederate and agree, together and with each other, to commit an offense  
25 against the United States. Specifically, FREEMAN, together with others known and  
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unknown, knowingly and willfully did steal and purloin \$646,000 belonging to the United States, in violation of Title 18 United States Code, Section 641.

11. The object of the conspiracy was for FREEMAN and his co-conspirators to receive, conceal, and retain COVID-19 relief-related loan proceeds obtained under false and misleading pretenses with intent to convert them to their use or gain, knowing them to have been stolen or purloined.

12. To carry out the conspiracy, FREEMAN, together with his co-conspirators, submitted and caused to be submitted two fraudulent PPP loan applications on behalf of Special Delivery LLC and New Jack Trucking LLC for the following funds:

Entity Name	Lender	Loan Amount
Special Delivery LLC	Lender 1/Financial Institution 1	\$500,000
New Jack Trucking LLC	Lender 1/Financial Institution 2	\$146,000

13. FREEMAN, together with his co-conspirators, made materially false and misleading statements in the PPP loan applications he submitted and caused to be submitted. FREEMAN, together with his co-conspirators, made and caused to be made the following false statements in Special Delivery LLC and New Jack Trucking LLC PPP loan applications:

a. Special Delivery LLC had 15 employees for which it paid \$200,000 in payroll each month. In fact, Special Delivery LLC had no employees other than FREEMAN and no payroll obligations.

b. Fake IRS Forms 940 and 941, to make it appear that Special Delivery LLC had employees as of February 15, 2020.

c. New Jack Trucking LLC had been in operation as of February 15, 2020 and had employees for which it paid salaries and payroll taxes.

d. New Jack Trucking LLC had 10 employees for which it paid \$58,400

1 in payroll each month. In fact, New Jack Trucking LLC had no employees and no payroll  
2 obligations.

3 e. Fake IRS Form 941 and a falsified bank statement, to make it appear  
4 that New Jack Trucking LLC had employees as of February 15, 2020.

5 14. In total, FREEMAN stole and purloined more than \$640,000 in government  
6 funds through PPP loan proceeds. FREEMAN used the proceeds of the wrongfully  
7 obtained PPP loans for unauthorized personal purposes. FREEMAN did not use PPP loan  
8 proceeds for payroll.

9 **B. Overt Acts**

10 15. In furtherance of the conspiracy and to effect its object, in King County,  
11 within the Western District of Washington and elsewhere, JOSEPH M. FREEMAN,  
12 together with other individuals, committed and caused to be committed, among others,  
13 the following overt acts, which are representative of the various overt acts undertaken in  
14 furtherance of the conspiracy:

15 a. On or about May 19, 2020, FREEMAN caused and consented to the  
16 submission of a fraudulent PPP loan application package to Lender 1 in support of a PPP  
17 loan for Special Delivery LLC, seeking \$500,000 belonging to the United States.

18 b. On or about June 15, 2020, FREEMAN caused and consented to the  
19 submission of a fraudulent PPP loan application package to Lender 1 in support of a PPP  
20 loan for New Jack Trucking LLC, seeking \$146,000 belonging to the United States.

21 All in violation of Title 18, United States Code, Section 371.

22 **FORFEITURE ALLEGATIONS**

23 The allegations contained in Count 1 of this Information are hereby realleged and  
24 incorporated by reference for the purpose of alleging forfeiture. Upon conviction of the  
25 offense alleged in Count 1, the defendant JOSEPH M. FREEMAN shall forfeit to the  
26 United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), by way of  
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1 Title 28, United States Code, Section 2461(c), any property that constitutes or is traceable  
2 to proceeds of the offense. This property includes, but is not limited to:

- 3 1. A sum of money reflecting the proceeds the defendant obtained from the  
4 offense.

5 **(Substitute Assets)**

6 If any of the above-described forfeitable property, as a result of any act or  
7 omission of the defendant,

- 8 a. cannot be located upon the exercise of due diligence;  
9 b. has been transferred or sold to, or deposited with, a third party;  
10 c. has been placed beyond the jurisdiction of the Court;  
11 d. has been substantially diminished in value; or  
12 e. has been commingled with other property which cannot be divided without  
13 difficulty;

14 it is the intent of the United States to seek the forfeiture of any other property of the

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1 defendant, up to the value of the above-described forfeitable property, pursuant to Title  
2 21, United States Code, Section 853(p).

3 DATED this 24 day of January, 2023.

4  
5 Sarah G. Vogel, for  
6 NICHOLAS W. BROWN  
7 United States Attorney

8 Andrew C. Friedman  
9 ANDREW C. FRIEDMAN  
10 Assistant United States Attorney

11 Cindy Chang  
12 CINDY CHANG  
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